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SIPDIS

STATE FOR SA/INS AND DS/IP/NEA
STATE ALSO PLEASE PASS USAID/DCHA/OFDA
STATE ALSO PLEASE PASS PEACE CORPS HQ
USAID FOR ANE/AA GORDON WEST AND JIM BEVER
MANILA FOR USAID/DCHA/OFDA
LONDON FOR POL/GURNEY
TREASURY FOR GENERAL COUNSEL/DAUFHAUSER AND DAS JZARATE
TREASURY ALSO FOR OFAC/RNEWCOMB AND TASK FORCE ON TERRORIST
FINANCING
JUSTICE FOR OFFICE OF THE DEPUTY ATTORNEY GENERAL/DLAUFMAN
NSC FOR MILLARD
SECDEF FOR OSD/ISA LILIENFELD

E.O. 12958: N/A

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SUBJECT: UPDATE ON NEPAL'S MAOIST INSURGENCY, JUNE 28-July 3

REFERENCE: (A) KATHMANDU 0769

(B) KATHMANDU 1212

SUMMARY

¶11. Pushpa Kamal Dahal, alias Prachanda, Maoist supreme leader, called upon the five major political parties of Nepal to unite against foreign forces, and to support the Maoist demands set forth in the first round of peace negotiations (Ref A). The Government of Nepal (GON) and senior Maoist leaders traded accusations of ceasefire violations. Kamal Thapa, Minister of Information and Communications and GON negotiating team member, however, remained optimistic and said the GON was "ready for talks" at any time. Maoist atrocities continue with the brutal murders of two people and the serious injury of another, and reports of increasing extortion, combat and explosives training, recruitment of minors, levying of taxes, and obstruction of development projects. Victims of the insurgency and residents of some of the most remote areas of Nepal voiced concern over the continuation of struggles and threats despite the ceasefire. End Summary.

PRACHANDA WANTS PARTIES' SUPPORT

¶12. In a press release issued on June 29 Pushpa Kamal Dahal, alias Prachanda, Maoist supreme leader, called upon the five major political parties of Nepal (Nepali Congress, the Communist Party of Nepal-United Marxist Leninist, Janamorcha Nepal, Nepal Workers and Peasants Party, and Nepal Sadhbhawana Party) to support the twenty-four demands put forth by the Maoists during the first round of peace negotiations (Ref A). None of the party leaders have yet responded.

¶13. The Maoist Supremo again warned against alleged interference by international forces, declaring that there was a "serious conspiracy from within and outside the country" attempting to derail the peace process. Prachanda called for unity against the "increasing interference of the foreign forces," and urged public pressure against the Government of Nepal (GON). He also declared that it would be a "great disaster" if the peace negotiations were disrupted.

ACCUSATIONS OF VIOLATIONS ALL AROUND

¶14. Amid concerns over the fragile peace process, representatives from the GON and the Maoist party traded accusations of ceasefire violations. In a statement issued on June 27 the Ministry of Defense blamed the Maoists for creating "social terror" through ongoing extortion campaigns. The Ministry said the insurgents have demanded and collected almost USD 150,000 from people and institutions despite the declaration of a ceasefire. Condemning the illegal activities, the Ministry warned that security forces would exact severe punishment in accordance with the law against those responsible.

¶16. In addition to criminal violations of the ceasefire, the local press reports that the Maoists are engaged in organized combat training and explosives-making in rural villages. The Maoists allegedly shut down a school in the far western district of Baitadi and used it to conduct military and explosives training for the youth of the village. Security personnel are stationed in District headquarters, but there reportedly were no security

personnel in the immediate area of the Maoist training.

17. Krishna Bahadur Mahara, Maoist spokesman, hurled his own accusations, claiming that the GON was violating the code of conduct, and that the Royal Nepal Army (RNA) was terrorizing Maoists in rural parts of Nepal. In a press release dated June 29 Prachanda accused the GON of not taking the Maoists seriously, and he also accused the RNA of using US made weapons to kill Nepalis, citing the "mass killings" in Jajarkot District (Ref B). (FYI: We have no credible information of US-made weapons being used against civilians. End FYI)

KEEPING COUNT

18. Maoist violations of the code of conduct appear to be increasing, and several organizations are keeping count. Quoting statistics reportedly obtained from security forces, the local press reported that the insurgents violated the code of conduct at least thirty different times throughout fifteen districts during the period of May 22-June 30. Violations included extortion, abductions, looting, seizure of land, and physical violence. Senior Maoist leaders, however, continue to assert that their cadres are abiding by the code of conduct and only collect voluntary donations.

19. The Informal Sector Service Center (INSEC), a local NGO, also detailed numerous violations allegedly committed by both the insurgents and security personnel during the period of June 9-24. INSEC's report included an alleged gang rape of a woman by a group of men professing to be Maoists, as well as other incidents of looting. Security forces were accused of rape, torture and assault in separate incidences.

GON "READY FOR TALKS"

110. In an attempt to make progress in the stalled peace negotiations, facilitators met separately with representatives of the GON and Maoist negotiating teams on July 1. According to facilitators, the two sides have agreed to sit for a third round of talks soon. Kamal Thapa, Minister of Information and Communications and GON negotiating team member, said on June 29 that the GON was "ready for talks" at any time, but was awaiting a response from the Maoists. Thapa reportedly spoke informally with Krishna Bahadur Mahara, Maoist spokesman, on June 27 in an attempt to set up a date for the third round of peace negotiations. According to press reports, Minister Thapa was hopeful that the next round would be held in mid-July, and hinted that part of the agenda would focus on the agreements made during the second round of talks, including the controversial issue of the army's restriction to a 5-kilometer radius from their barracks, and the disputes regarding alleged violations of the code of conduct.

111. Krishna Bahadur Mahara, Maoist spokesman and negotiating team member, said on July 1 that the controversy over the restriction of the army's movement should not hinder the progress of the peace negotiations. Mahara said, however, that the GON should implement the other agreements that were made, including the release of imprisoned Central Committee Members.

NEW MAOIST PHILOSOPHY?

112. On July 1 Mahara told an audience of members of the lower castes that the right to rebel should be guaranteed. In direct contrast to traditional communist doctrine, Mahara said the Maoist Central Committee was committed to launching a new model of democracy which would ensure the "right to rebel and renounce the communist dictatorship." In an apparent attempt to explain the surprising new philosophy, Mahara pledged that the Maoists were for the people and the people should revolt when someone goes against their wishes. He claimed his party was progressive, and it was not crucial to stick to policies made seven years ago at the beginning of the "Peoples' War."

MAOIST TERROR GOES ON

113. Maoists in far northeastern Taplejung District reportedly are actively recruiting minors, some as young as twelve years old. A Maoist leader in the district denied the accusations, but conceded that the insurgents had opened a recruitment center after local youths showed an interest in joining the Maoists. He also claimed that the Maoists did not recruit anyone less than sixteen years of age. A reliable Embassy contact from the district reports that parents from her village are sending their children unaccompanied to Kathmandu to protect them from Maoist conscription.

¶14. Maoists brutally murdered two people and seriously injured another. On June 27 the insurgents allegedly hacked to death a Nepali Congress (NC) activist in Baglung District. On July 1 four Maoists reportedly stormed into the home of the headmaster of a private school in Lalitpur District of Kathmandu Valley. The insurgents stabbed him and his wife repeatedly, killing the wife and seriously injuring the principal. Maoists in Sarlahi District reportedly are openly demanding donations as high as two thousand dollars, an exorbitant amount in rural areas. The Superintendent of Police in the district told the local press on June 29 that the Maoists continue to extort, murder and kidnap despite the ceasefire.

¶15. Insurgents in the far western district of Dolpa reportedly have posted rules and regulations throughout the district, renamed parts of the region, and instituted their own form of government. According to the local press, the Maoists have seized control of several Village Development Committees (VDC) and renamed them "Village Peoples' Committees." The insurgents have implemented trade guidelines in which merchants are required to register and receive permission from the Maoists in order to conduct business. A tax collection system has also been set up, along with special "courts" where the Maoists impose their own form of justice and punishment. The GON's Chief District Officer (CDO) admitted there were several areas that are "severely affected" by the Maoists, but denied that the district administration has lost control of the region.

¶16. Construction of a hydropower project in Lamjung District remains postponed indefinitely after the Maoists reportedly banned workers from entering the village a year ago. Officials with the Annapurna Conservation Area Project (ACAP) said on June 29 that Maoists still have not allowed work to begin, despite the ceasefire. Almost five hundred homes would benefit from the project.

CEASEFIRE OFFERS LITTLE COMFORT

¶17. The declaration of a ceasefire has done little to comfort victims of the Maoist insurgency. Despite the pleas made by Maoists for people to return to their homes after the declaration of the ceasefire, some who returned reportedly were killed by the insurgents while others were forced to donate large sums of money. According to the Maoist Victims Association (MVA), a local organization, there are over one thousand registered victims who fled to Kathmandu and abandoned their homes, land and livelihoods out of fear of the Maoists. Victims claim that the Maoists now move freely throughout rural areas and openly extort money and torture people, making it impossible to return home. MVA claims that because of the ceasefire, the GON has also stopped financial assistance.

¶18. In the far eastern district of Tehrathum, a two-year ban on the sale of agricultural goods imposed by the Maoists still has not been lifted despite the ceasefire. Villagers whose livelihood depends on the outside sale of agricultural products said that there is no "difference before and after the cease-fire," and lament that the insurgents continue extortion and abduction due to the lack of security personnel. The code of conduct agreed to by the GON and the Maoists allows for the unrestricted transport of food, medicine and other goods.

¶19. The Government of Japan is providing humanitarian aid for victims of the Maoist insurgency in the mid-western district of Rolpa. Over two hundred displaced families are receiving donations of rice, vegetables, ready-made food items and utensils.

MALINOWSKI